



General Assembly

Substitute Bill No. 29

February Session, 2012

* ____SB00029FIN__042012__ *

**AN ACT CONCERNING THE CONNECTICUT HEALTH AND
EDUCATIONAL FACILITIES AUTHORITY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (e) of section 10a-178 of the 2012 supplement
2 to the general statutes is repealed and the following is substituted in
3 lieu thereof (*Effective July 1, 2012*):

4 (e) "Institution for higher education" means (1) an educational
5 institution situated within this state which by virtue of law or charter
6 is a nonprofit educational institution empowered to provide a program
7 of education beyond the high school level; or (2) a public educational
8 institution, which, shall be [the state colleges, known collectively as
9 Connecticut State University] any constituent unit, as defined in
10 section 10a-1;

11 Sec. 2. Section 10a-178 of the 2012 supplement to the general statutes
12 is amended by adding subsection (p) as follows (*Effective July 1, 2012*):

13 (NEW) (p) "Connecticut Higher Education Supplemental Loan
14 Authority" means the Connecticut Higher Education Supplemental
15 Loan Authority established as a subsidiary of the authority with
16 powers granted pursuant to chapter 187b.

17 Sec. 3. (NEW) (*Effective July 1, 2012*) (a) The Connecticut Higher

18 Education Supplemental Loan Authority is constituted as a subsidiary
19 of the Connecticut Health and Educational Facilities Authority. The
20 Connecticut Higher Education Supplemental Loan Authority shall be
21 deemed a quasi-public agency for purposes of chapter 12 of the
22 general statutes and for the purpose of assisting borrowers, as defined
23 in section 10a-233 of the general statutes, and Connecticut institutions
24 for higher education, as defined in said section 10a-233, in the
25 financing and refinancing of the cost of higher education. The
26 Connecticut Higher Education Supplemental Loan Authority shall
27 have all the privileges, immunities, tax exemptions and other
28 exemptions of the Connecticut Health and Educational Facilities
29 Authority and may exercise the powers granted pursuant to chapter
30 187b of the general statutes, which shall be deemed and held to be the
31 performance of an essential public and government function. The
32 Connecticut Higher Education Supplemental Loan Authority shall be
33 subject to suit and liability solely from the assets, revenues and
34 resources of the Connecticut Higher Education Supplemental Loan
35 Authority and without recourse to the general funds, revenues,
36 resources or any other assets of the Connecticut Health and
37 Educational Facilities Authority. The Connecticut Higher Education
38 Supplemental Loan Authority is authorized, for the purposes set forth
39 in chapter 187b of the general statutes, to mortgage, convey or dispose
40 of its assets and pledge its revenues in order to secure any borrowing,
41 provided each such borrowing or mortgage shall be a special
42 obligation of the Connecticut Higher Education Supplemental Loan
43 Authority, which obligation may be in the form of bonds, bond
44 anticipation notes or other obligations which evidence an indebtedness
45 to the extent permitted under chapter 187b of the general statutes to
46 fund, refinance and refund such borrowing and provide for the rights
47 of holders of such bonds, bond anticipation notes or other obligation,
48 and to secure such bonds, bond anticipation notes or other obligation
49 by pledge of revenues, notes and mortgages of others, and which shall
50 be payable solely from the assets, revenues and other resources of the
51 Connecticut Higher Education Supplemental Loan Authority. The
52 Connecticut Higher Education Supplemental Loan Authority shall

53 have the purposes which shall be consistent with chapter 187b of the
54 general statutes.

55 (b) The Connecticut Higher Education Supplemental Loan
56 Authority shall be governed by a board of directors consisting of the
57 following nine members: (1) The State Treasurer, or the Treasurer's
58 designee, who shall serve as an ex-officio voting member; (2) the
59 Secretary of the Office of Policy and Management, or the secretary's
60 designee, who shall serve as an ex-officio voting member; (3) the
61 President of the Board of Regents for Higher Education, or the
62 president's designee, who shall serve as an ex-officio voting member;
63 (4) the chairperson of the board of directors of the Connecticut Health
64 and Educational Facilities Authority; (5) the executive director of said
65 authority; (6) a member of the board of directors of said authority who
66 is an active or retired trustee, director, officer or employee of a
67 Connecticut institution for higher education, appointed by the board of
68 directors of said authority; (7) a member of the board of directors of
69 said authority who is an active or retired trustee, director, officer or
70 employee of a Connecticut institution for higher education, appointed
71 by the board of directors of said authority; (8) a resident of this state
72 with a favorable reputation for skill, knowledge and experience in the
73 higher education loan field, who shall be appointed by the board of
74 directors of said authority; and (9) a resident of this state with a
75 favorable reputation for skill, knowledge and experience in either the
76 higher education loan field or in state and municipal finance,
77 appointed by the board of directors of said authority. Of the four
78 appointed members, not more than two may be members of the same
79 political party. The two members who are members of the board of
80 said authority and active or retired trustees, directors, officers or
81 employees of Connecticut institutions for higher education shall serve
82 so long as such member remains a member of the board of said
83 authority or until such time as a successor is appointed. One appointed
84 member shall serve until the earlier of July 1, 2017, or, if such person
85 was a member of the Connecticut Higher Education Supplemental
86 Loan Authority board on June 30, 2012, the date on which such

87 member's then current term was originally scheduled to end. One
88 appointed member shall serve until the earlier of July 1, 2018, or, if
89 such person was a member of the Connecticut Higher Education
90 Supplemental Loan Authority board on June 30, 2012, the date on
91 which such member's then current term was originally scheduled to
92 end. Except as provided in this subsection and notwithstanding the
93 original date of expiration of the term of any person who is an
94 appointed member of the Connecticut Higher Education Supplemental
95 Loan Authority board on June 30, 2012, the term of all such persons
96 shall expire on July 1, 2012. The Connecticut Health and Educational
97 Facilities Authority board shall appoint a member or members each for
98 a term of six years or until his or her successor is appointed and has
99 qualified to succeed the members whose terms expire. Said authority
100 board shall fill any vacancy for the unexpired term. A member of the
101 Connecticut Higher Education Supplemental Loan Authority board
102 shall be eligible for reappointment. Any member of the Connecticut
103 Higher Education Supplemental Loan Authority board may be
104 removed by the appointing authority for misfeasance, malfeasance or
105 wilful neglect of duty. Each member of the Connecticut Higher
106 Education Supplemental Loan Authority board before entering upon
107 his or her duties shall take and subscribe the oath or affirmation
108 required by section 1 of article eleventh of the State Constitution. A
109 record of each such oath shall be filed in the office of the Secretary of
110 the State.

111 (c) The chairperson of the board of the directors of the Connecticut
112 Health and Educational Facilities Authority shall serve as chairperson
113 of the Connecticut Higher Education Supplemental Loan Authority
114 board. The Connecticut Higher Education Supplemental Loan
115 Authority board shall annually elect one of its members as vice-
116 chairman. The Connecticut Higher Education Supplemental Loan
117 Authority board may appoint an executive director, who shall be an
118 employee of the Connecticut Health and Educational Facilities
119 Authority and who shall serve at the pleasure of the Connecticut
120 Higher Education Supplemental Loan Authority board.

121 (d) To the extent necessary or appropriate to assure that the interest
122 on any of its bonds, notes or other obligations are or continue to be
123 excluded from the gross income of the recipients for federal income tax
124 purposes, the Connecticut Health and Educational Facilities Authority
125 or the Connecticut Higher Education Supplemental Loan Authority
126 shall take such actions to comply with the provisions of the Internal
127 Revenue Code of 1986 or any subsequent corresponding internal
128 revenue code of the United States, as from time to time amended, if
129 necessary, to qualify and maintain such subsidiary as a corporation
130 exempt from taxation under said Internal Revenue Code.

131 (e) The provisions of section 1-125 of the general statutes, subsection
132 (e) of section 10a-185 of the general statutes and this subsection shall
133 apply to any officer, director, designee or employee appointed as a
134 member, director or officer of the Connecticut Higher Education
135 Supplemental Loan Authority. Any such persons so appointed shall
136 not be personally liable for the debts, obligations or liabilities of the
137 Connecticut Higher Education Supplemental Loan Authority as
138 provided in said section 1-125. The subsidiary shall and the
139 Connecticut Health and Educational Facilities Authority may provide
140 for the indemnification to protect, save harmless and indemnify such
141 officer, director, designee or employee as provided by said section 1-
142 125.

143 (f) The Connecticut Health and Educational Facilities Authority or
144 the Connecticut Higher Education Supplemental Loan Authority may
145 take such actions as are necessary to comply with the provisions of the
146 Internal Revenue Code of 1986 or any subsequent corresponding
147 internal revenue code of the United States, as from time to time
148 amended, to qualify and maintain any such subsidiary as a corporation
149 exempt from taxation under said Internal Revenue Code.

150 Sec. 4. Subdivision (1) of subsection (k) of section 10a-179 of the
151 general statutes is repealed and the following is substituted in lieu
152 thereof (*Effective July 1, 2012*):

153 (k) (1) The authority may form one or more subsidiaries to carry out
154 the public purposes of the authority and may transfer to any such
155 subsidiary any moneys and real or personal property of any kind or
156 nature. Any such subsidiary may be organized as a stock or nonstock
157 corporation or a limited liability company. Each such subsidiary shall
158 have and may exercise such powers of the authority as are set forth in
159 the resolution of the authority prescribing the purposes for which such
160 subsidiary is formed and such other powers provided to it by law.
161 Each such subsidiary shall be deemed a quasi-public agency for
162 purposes of chapter 12 and shall have all the privileges, immunities,
163 tax exemptions and other exemptions of the authority, including the
164 privileges, immunities, tax exemptions and other exemptions provided
165 under the general statutes for special capital reserve funds. Each such
166 subsidiary shall be subject to suit provided its liability shall be limited
167 solely to the assets, revenues and resources of the subsidiary and
168 without recourse to the general funds, revenues, resources or any other
169 assets of the authority. Each such subsidiary is authorized to assume or
170 take title to property subject to any existing lien, encumbrance or
171 mortgage and to mortgage, convey or dispose of its assets and pledge
172 its revenues in order to secure any borrowing, for the purpose of
173 refinancing, rehabilitating or improving its assets, provided each such
174 borrowing or mortgage shall be a special obligation of the subsidiary,
175 which obligation may be in the form of bonds, bond anticipation notes
176 and other obligations to the extent permitted under this chapter to
177 fund and refund the same and provide for the rights of the holders
178 thereof, and to secure the same by pledge [or] of revenues, notes and
179 other assets and which shall be payable solely from the assets,
180 revenues and other resources of the subsidiary. The authority shall
181 have the power to assign to a subsidiary any rights, moneys or other
182 assets it has under any governmental program including the nursing
183 home loan program. [No borrowing shall be undertaken by a
184 subsidiary of the authority without the approval of the authority.]

185 Sec. 5. Section 10a-180 of the general statutes is amended by adding
186 subsection (x) as follows (*Effective July 1, 2012*):

187 (NEW) (x) To provide and be compensated for such services to or
188 on behalf of the Connecticut Higher Education Supplemental Loan
189 Authority as are appropriate for the operation and management of
190 said authority, including, without limitation, to provide to said
191 authority and to be reimbursed for costs associated with such space,
192 equipment, supplies and employees as are necessary and appropriate
193 for the operations of said authority.

194 Sec. 6. Section 10a-223 of the general statutes is repealed and the
195 following is substituted in lieu thereof (*Effective July 1, 2012*):

196 In this chapter, the following words and terms shall have the
197 following meanings unless the context indicates another or different
198 meaning or intent:

199 [(a)] (1) "Authority" means the Higher Education Supplemental
200 Loan Authority [established pursuant to section 10a-224] constituted as
201 a subsidiary of the Connecticut Health and Educational Facilities
202 Authority as provided in section 3 of this act;

203 (2) "Authorized officer" means an employee of the Connecticut
204 Health and Educational Facilities Authority or of the authority who is
205 authorized by the board of directors of the authority to execute and
206 deliver documents and papers and to act in the name of and on behalf
207 of the authority;

208 [(b)] (3) "Authority loans" means education loans by the authority,
209 or loans by the authority from the proceeds of bonds for the purpose of
210 funding education loans;

211 (4) "Board" means the board of directors of the authority;

212 [(c)] (5) "Bonds" or "revenue bonds" means revenue bonds or notes
213 of the authority issued under the provisions of this chapter, including
214 revenue refunding bonds or notes;

215 [(d)] (6) "Bond resolution" means the resolution or resolutions of the
216 authority and the trust agreement, if any, authorizing the issuance of

217 and providing for the terms and conditions applicable to bonds;

218 [(e)] (7) "Borrower" means a student and any parent who has
219 received or agreed to pay an education loan;

220 (8) "Connecticut Health and Educational Facilities Authority" means
221 the quasi-public authority established pursuant to section 10a-179, as
222 amended by this act;

223 [(f)] (9) "Connecticut institution for higher education" means an
224 institution for higher education within the state;

225 [(g)] (10) "Default insurance" means insurance insuring education
226 loans, authority loans or bonds against default;

227 [(h)] (11) "Default reserve fund" means a fund established pursuant
228 to a bond resolution for the purpose of securing education loans,
229 authority loans or bonds;

230 [(i)] (12) "Education loan" means a loan which is made by the
231 authority to a student in or from the state, or the parents of such a
232 student, or both, to finance the attendance of the student at an
233 institution for higher education, or a loan by or on behalf of a
234 participating institution for higher education from the proceeds of an
235 authority loan, to a student, or the parents of a student, or both, to
236 finance the student's attendance at such institution;

237 [(j)] (13) "Loan funding deposit" means moneys or other property
238 deposited by a Connecticut institution for higher education with the
239 authority, a guarantor or a trustee for the purpose of [(1)] (A)
240 providing security for bonds, [(2)] (B) funding a default reserve fund,
241 [(3)] (C) acquiring default insurance, or [(4)] (D) defraying costs of the
242 authority, such moneys or properties to be in such amounts as deemed
243 necessary by the authority or guarantor as a condition for such
244 institution's participation in the authority's programs;

245 [(k)] (14) "Institution for higher education" means a degree-granting
246 educational institution within the United States authorized by

247 applicable law to provide a program of education beyond the high
248 school level and [(1)] (A) described in Section 501(c)(3) of the Internal
249 Revenue Code of 1986, or any subsequent corresponding internal
250 revenue code of the United States, as from time to time amended, and
251 exempt from taxation under Section 501(a) of said code with respect to
252 a trade or business carried on by such institution which is not an
253 unrelated trade or business, determined by applying Section 513(a) of
254 said code to such organization or a foundation established for its
255 benefit, or [(2)] (B) exempt from taxation under said code as a
256 governmental unit;

257 [(l)] (15) "Participating institution for higher education" means a
258 Connecticut institution for higher education which, pursuant to the
259 provisions of this chapter, undertakes the financing directly or
260 indirectly of education loans as provided in this chapter;

261 [(m)] (16) "Parent" means any parent, legal guardian or sponsor of a
262 student at an institution for higher education;

263 [(n)] (17) "Education loan series portfolio" means all education loans
264 made by the authority or by or on behalf of a specific participating
265 institution for higher education which are funded from the proceeds of
266 a related specific bond issue of the authority.

267 Sec. 7. Section 10a-224 of the general statutes is repealed and the
268 following is substituted in lieu thereof (*Effective July 1, 2012*):

269 [(a)] There is created a body politic and corporate to be known as the
270 "Connecticut Higher Education Supplemental Loan Authority". The
271 authority is constituted a public instrumentality and political
272 subdivision of the state and the exercise by the authority of the powers
273 conferred by this chapter shall be deemed and held to be the
274 performance of an essential public and governmental function. The
275 powers of the authority shall be vested in and exercised by a board of
276 directors which shall consist of eight members, one of whom shall be
277 the State Treasurer, one of whom shall be the Secretary of the Office of
278 Policy and Management and one of whom shall be the president of the

279 Board of Regents for Higher Education, each serving ex officio, and
280 five of whom shall be residents of the state appointed by the Governor,
281 not more than three of such appointed members to be members of the
282 same political party. Three of the appointed members shall be active or
283 retired trustees, directors, officers or employees of Connecticut
284 institutions for higher education. At least one of the appointed
285 members shall be a person having a favorable reputation for skill,
286 knowledge and experience in the higher education loan finance field,
287 and at least one of such appointed members shall be a person having a
288 favorable reputation for skill, knowledge and experience in state and
289 municipal finance, either as a partner, officer or employee of an
290 investment banking firm which originates and purchases state and
291 municipal securities, or as an officer or employee of an insurance
292 company or bank whose duties relate to the purchase of state and
293 municipal securities as an investment and to the management and
294 control of a state and municipal securities portfolio. Of the three
295 members first appointed who are trustees, directors, officers or
296 employees of Connecticut institutions for higher education, one shall
297 serve until July 1, 1986, one shall serve until July 1, 1987, and one shall
298 serve until July 1, 1988. Of the three remaining members first
299 appointed, one shall serve until July 1, 1983, one shall serve until July
300 1, 1984, and one shall serve until July 1, 1985. On or before the first day
301 of July, annually, the Governor shall appoint a member or members to
302 succeed those whose terms expire, each for a term of six years and
303 until his successor is appointed and has qualified. The Governor shall
304 fill any vacancy for the unexpired term. A member of the board shall
305 be eligible for reappointment. Any member of the board may be
306 removed by the Governor for misfeasance, malfeasance or wilful
307 neglect of duty. Each member of the board before entering upon his or
308 her duties shall take and subscribe the oath or affirmation required by
309 section 1 of article eleventh of the State Constitution. A record of each
310 such oath shall be filed in the office of the Secretary of the State. The
311 State Treasurer, the Secretary of the Office of Policy and Management
312 and the president of the Board of Regents for Higher Education may
313 each designate a deputy or any staff member to represent him as a

314 member at meetings of the board with full power to act and vote on his
315 behalf.

316 (b) The chairperson of the board shall be appointed by the Governor
317 with the advice and consent of both houses of the General Assembly.
318 The board shall annually elect one of its members as vice-chairman.
319 The board may appoint an executive director and assistant executive
320 director, who shall not be members of the board and who shall serve at
321 the pleasure of the board. The executive director and assistant
322 executive director shall receive such compensation as shall be fixed by
323 the board.]

324 [(c)] (a) The executive director of the Connecticut Higher Education
325 Supplemental Loan Authority shall supervise the administrative
326 affairs and technical activities of the authority in accordance with the
327 directives of the board. The executive director shall keep a record of
328 the proceedings of the authority and shall be custodian of all books,
329 documents and papers filed with the authority, the minute book or
330 journal of the authority, and its official seal. The executive director or
331 [assistant executive director or other person] another authorized officer
332 may cause copies to be made of all minutes and other records and
333 documents of the authority and may give certificates under the official
334 seal of the authority to the effect that such copies are true copies, and
335 all persons dealing with the authority may rely upon such certificates.

336 [(d)] (b) (1) Five members of the board shall constitute a quorum.
337 The affirmative vote of five of the members of the board shall be
338 necessary for any action taken by the board. No vacancy in the
339 membership of the board shall impair the right of a quorum of
340 members to exercise all the rights and perform all the duties of the
341 board. Any action taken by the board under the provisions of this
342 chapter may be authorized by resolution at any regular or special
343 meeting, and each such resolution shall take effect immediately and
344 need not be published or posted. (2) The board of directors may
345 delegate to three or more of its members such board powers and duties
346 as it may deem proper. At least one of such members shall not be a

347 state employee.

348 ~~[(e)]~~ (c) Before the issuance of any bonds or notes under the
349 provisions of this chapter, the chairman and vice-chairman of the
350 board of directors, the executive director and ~~[assistant executive~~
351 ~~director of the authority and]~~ any other member of the board
352 authorized by resolution of the board to handle funds or sign checks of
353 the authority and any other authorized officer shall execute a surety
354 bond in the penal sum of fifty thousand dollars, or in lieu thereof the
355 chairman shall obtain a blanket position bond covering the executive
356 director and every member of the board and other employee or
357 authorized officer of the authority in the penal sum of fifty thousand
358 dollars. Each such bond shall be conditioned upon the faithful
359 performance of the duties of the principal or the members, executive
360 director and other authorized officers or employees, as the case may
361 be, shall be executed by a surety company authorized to transact
362 business in the state as surety, and shall be filed in the office of the
363 Secretary of the State. The cost of each such bond shall be paid by the
364 authority.

365 ~~[(f)]~~ (d) The members of the board shall receive no compensation for
366 the performance of their duties hereunder but each such member shall
367 be paid the necessary expenses incurred by such member while
368 engaged in the performance of such duties.

369 ~~[(g)]~~ (e) (1) No member of the board or officer, agent or employee of
370 the authority shall, directly or indirectly, have any financial interest in
371 any participating institution for higher education or in any
372 corporation, business trust, estate, trust, partnership or association,
373 two or more persons having a joint or common interest, or any other
374 legal or commercial entity contracting with the authority. Any
375 individual who violates the provisions of this subsection shall be
376 punished by a fine of not less than fifty dollars nor more than one
377 thousand dollars, or by imprisonment for not more than one month, or
378 both.

379 (2) Notwithstanding the provisions of subdivision (1) of this
380 subsection or the provisions of any other law, [to the contrary,] it shall
381 not be or constitute a conflict of interest or violation of the provisions
382 of said subdivision or the provisions of any other law for a trustee,
383 director, officer or employee of a participating institution of higher
384 education or for a person having the required favorable reputation for
385 skill, knowledge and experience in state and municipal finance or for a
386 person having the required favorable reputation for skill, knowledge
387 and experience in the higher education loan finance field to serve as a
388 member of the board; provided, in each case to which the provisions of
389 this subdivision are applicable, such trustee, director, officer or
390 employee of such participating institution of higher education abstains
391 from discussion, deliberation, action and vote by the board in specific
392 respect to any undertaking pursuant to this chapter in which such
393 participating institution of higher education has a direct interest
394 separate from the interests of all of the participating institutions
395 generally, or such person having the required favorable reputation for
396 skill, knowledge and experience in state and municipal finance
397 abstains from discussion, deliberation, action and vote by the board in
398 specific respect to any sale, purchase or ownership of bonds of the
399 authority in which the investment banking firm or insurance company
400 or bank of which such person is a partner, officer or employee has or
401 may have a current or future interest, or such person having the
402 required favorable reputation for skill, knowledge and experience in
403 the higher education loan finance field abstains from discussion,
404 deliberation, action and vote by the board in specific respect to any
405 action of the authority in which any partnership, firm, joint venture,
406 sole proprietorship or corporation of which such person is an owner,
407 venturer, participant, partner, officer or employee has or may have a
408 current or future interest.

409 [(h)] (f) The board of directors of the authority shall adopt written
410 procedures, in accordance with the provisions of section 1-121, for: (1)
411 Adopting an annual budget and plan of operations, including a
412 requirement of board approval before the budget or plan may take

413 effect; (2) hiring, dismissing, promoting and compensating employees
414 of the authority, including an affirmative action policy and a
415 requirement of board approval before a position may be created or a
416 vacancy filled; (3) acquiring real and personal property and personal
417 services, including a requirement of board approval for any
418 nonbudgeted expenditure in excess of five thousand dollars; (4)
419 contracting for financial, legal, bond underwriting and other
420 professional services, including a requirement that the authority solicit
421 proposals at least once every three years for each such service which it
422 uses; (5) issuing and retiring bonds, bond anticipation notes and other
423 obligations of the authority; (6) awarding loans, grants and other
424 financial assistance, including eligibility criteria, the application
425 process and the role played by the authority's staff and board of
426 directors; and (7) the use of surplus funds to the extent authorized
427 under this chapter or other provisions of the general statutes.

428 [(i)] (g) The authority shall continue as long as it shall have bonds or
429 other obligations outstanding and until its existence is terminated by
430 law. Upon termination of the existence of the authority, all its rights
431 and properties shall pass to and be vested in the state of Connecticut.

432 (h) The provisions of section 1-125, subsection (f) of section 10a-230
433 and this subsection shall apply to any officer, director or employee of
434 the Connecticut Health and Educational Facilities Authority appointed
435 as a director of the authority and to any employee of the Connecticut
436 Health and Educational Facilities Authority who is an authorized
437 officer of the authority. Any such person shall not be personally liable
438 for the debts, obligations or liabilities of the authority as provided in
439 said section 1-125. The authority shall, and the Connecticut Health and
440 Educational Facilities Authority may, provide for the indemnification
441 to protect, save harmless and indemnify such officer, director or
442 employee of the Connecticut Health and Educational Facilities
443 Authority as provided by said section 1-125.

444 Sec. 8. Subsection (a) of section 10a-186a of the general statutes is
445 repealed and the following is substituted in lieu thereof (*Effective July*

446 1, 2012):

447 (a) In connection with the issuance of bonds to finance a project at a
448 participating nursing home or to refund bonds previously issued by
449 the authority to finance a project at a participating nursing home, or in
450 connection with the issuance of bonds to effect a refinancing or other
451 restructuring with respect to one or more participating nursing homes
452 as permitted by subsection (b) of this section, to finance dormitories,
453 residential facilities, student centers, food service facilities and other
454 auxiliary service facilities and related buildings and improvements at a
455 public educational institution, [of higher education,] to finance The
456 University of Connecticut Health Center clinical services projects, as
457 defined in subsection (g) of section 10a-114a, or to finance up to one
458 hundred million dollars, in the aggregate, for equipment, including
459 installation and any necessary building renovations or alterations for
460 the installation and operation of such equipment, for participating
461 health care institutions at the discretion of the Secretary of the Office of
462 Policy and Management and the Treasurer, the authority may create
463 and establish one or more reserve funds to be known as special capital
464 reserve funds and may pay into such special capital reserve funds (1)
465 any moneys appropriated and made available by the state for the
466 purposes of such funds, (2) any proceeds of the sale of notes or bonds
467 for a project, to the extent provided in the resolution of the authority
468 authorizing the issuance thereof, and (3) any other moneys which may
469 be made available to the authority for the purpose of such funds from
470 any other source or sources. The moneys held in or credited to any
471 special capital reserve fund established under this section, except as
472 hereinafter provided, shall be used solely for the payment of the
473 principal of and interest, when due, whether at maturity or by
474 mandatory sinking fund installments, on bonds of the authority
475 secured by such capital reserve fund as the same become due, the
476 purchase of such bonds of the authority, the payment of any
477 redemption premium required to be paid when such bonds are
478 redeemed prior to maturity, including in any such case by way of
479 reimbursement of a provider of bond insurance or of a credit or

480 liquidity facility that has paid such amounts; provided the authority
481 shall have power to provide that moneys in any such fund shall not be
482 withdrawn therefrom at any time in such amount as would reduce the
483 amount of such funds to less than the maximum amount of principal
484 and interest becoming due by reasons of maturity or a required
485 sinking fund installment in the then current or any succeeding
486 calendar year on the bonds of the authority then outstanding or the
487 maximum amount permitted to be deposited in such fund by the
488 Internal Revenue Code of 1986, or any subsequent corresponding
489 internal revenue code of the United States, as from time to time
490 amended, to permit the interest on such bonds to be excluded from
491 gross income for federal tax purposes and secured by such special
492 capital reserve fund, such amount being herein referred to as the
493 "required minimum capital reserve", except for the purpose of paying
494 such principal of, redemption premium and interest on such bonds of
495 the authority secured by such special capital reserve becoming due
496 and for the payment of which other moneys of the authority are not
497 available. The authority may provide that it shall not issue bonds
498 secured by a special capital reserve fund at any time if the required
499 minimum capital reserve on the bonds outstanding and the bonds then
500 to be issued and secured by the same special capital reserve fund at the
501 time of issuance, unless the authority, at the time of the issuance of
502 such bonds, shall deposit in such special capital reserve fund from the
503 proceeds of the bonds so to be issued, or otherwise, an amount which,
504 together with the amount then in such special capital reserve fund, will
505 be not less than the required minimum capital reserve. On or before
506 December first, annually, there is deemed to be appropriated from the
507 state General Fund such sums, if any, as shall be certified by the
508 chairman or vice-chairman of the authority to the Secretary of the
509 Office of Policy and Management and the Treasurer of the state, as
510 necessary to restore each such special capital reserve fund to the
511 amount equal to the required minimum capital reserve of such fund,
512 and such amounts shall be allotted and paid to the authority. For the
513 purpose of evaluation of any such special capital reserve fund,
514 obligations acquired as an investment for any such fund shall be

515 valued at market. Nothing contained in this section shall preclude the
 516 authority from establishing and creating other debt service reserve
 517 funds in connection with the issuance of bonds or notes of the
 518 authority which are not special capital reserve funds. Subject to any
 519 agreement or agreements with holders of outstanding notes and bonds
 520 of the authority, any amount or amounts allotted and paid to the
 521 authority pursuant to this section shall be repaid to the state from
 522 moneys of the authority at such time as such moneys are not required
 523 for any other of its corporate purposes and in any event shall be repaid
 524 to the state on the date one year after all bonds and notes of the
 525 authority theretofore issued on the date or dates such amount or
 526 amounts are allotted and paid to the authority or thereafter issued,
 527 together with interest on such bonds and notes, with interest on any
 528 unpaid installments of interest and all costs and expenses in
 529 connection with any action or proceeding by or on behalf of the
 530 holders thereof, are fully met and discharged. No bonds secured by a
 531 special capital reserve fund shall be issued to pay project costs unless
 532 the authority is of the opinion and determines that the revenues from
 533 the project shall be sufficient (A) to pay the principal of and interest on
 534 the bonds issued to finance the project, (B) to establish, increase and
 535 maintain any reserves deemed by the authority to be advisable to
 536 secure the payment of the principal of and interest on such bonds, (C)
 537 to pay the cost of maintaining the project in good repair and keeping it
 538 properly insured, and (D) to pay such other costs of the project as may
 539 be required.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2012</i>	10a-178(e)
Sec. 2	<i>July 1, 2012</i>	10a-178
Sec. 3	<i>July 1, 2012</i>	New section
Sec. 4	<i>July 1, 2012</i>	10a-179(k)(1)
Sec. 5	<i>July 1, 2012</i>	10a-180
Sec. 6	<i>July 1, 2012</i>	10a-223
Sec. 7	<i>July 1, 2012</i>	10a-224
Sec. 8	<i>July 1, 2012</i>	10a-186a(a)

Statement of Legislative Commissioners:

In section 3(b), "June 30" was changed to "July 1" for conformity with the effective date and in section 6, a definition of "Board" was added for clarity.

FIN *Joint Favorable Subst.*